

**REPORT OF THE AUDIT OF THE  
GREEN COUNTY  
CLERK**

**For The Year Ended  
December 31, 2011**



**ADAM H. EDELEN  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE GREEN COUNTY CLERK**

**For The Year Ended  
December 31, 2011**

The Auditor of Public Accounts has completed the Green County Clerk's audit for the year ended December 31, 2011. Based upon the audit work performed, the financial statement presents fairly in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees decreased by \$24,368 from the prior year, resulting in excess fees of \$18,011 as of December 31, 2011. Revenues increased by \$12,272 from the prior year and expenditures increased by \$36,640.

#### **Report Comments:**

- 2011-01 The County Clerk's Office Lacks Adequate Segregation Of Duties
- 2011-02 The County Clerk Should Reconcile The Daily Checkout Sheet To Supporting Documentation Daily
- 2011-03 The County Clerk Should Maintain Accurate Ledgers And Documentation Reconciling The Receipt and Disbursement Ledgers To Quarterly Financial Reports
- 2011-04 The County Clerk Should Properly Prepare Deed Transfer Tax Reports
- 2011-05 The County Clerk Should Improve The Payroll Process
- 2011-06 The County Clerk Should Properly Pay Employees For Overtime

#### **Deposits:**

The County Clerk's deposits were insured and collateralized by bank securities or bonds.



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**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Misty Edwards, Green County Judge/Executive  
The Honorable Billy Joe Lowe, Green County Clerk  
Members of the Green County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Green County, Kentucky, for the year ended December 31, 2011. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Clerk for the year ended December 31, 2011, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2012 on our consideration of the Green County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Misty Edwards, Green County Judge/Executive  
The Honorable Billy Joe Lowe, Green County Clerk  
Members of the Green County Fiscal Court

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2011-01 The County Clerk's Office Lacks Adequate Segregation Of Duties
- 2011-02 The County Clerk Should Reconcile The Daily Checkout Sheet To Supporting Documentation Daily
- 2011-03 The County Clerk Should Maintain Accurate Ledgers And Documentation Reconciling The Receipt and Disbursement Ledgers To Quarterly Financial Reports
- 2011-04 The County Clerk Should Properly Prepare Deed Transfer Tax Reports
- 2011-05 The County Clerk Should Improve The Payroll Process
- 2011-06 The County Clerk Should Properly Pay Employees For Overtime

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Green County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adam H. Edelen', with a stylized flourish at the end.

Adam H. Edelen  
Auditor of Public Accounts

October 11, 2012



GREEN COUNTY  
 BILLY JOE LOWE, COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2011

Revenues

Revenue Supplement		\$	61,283
State Fees For Services			3,603
Fiscal Court			4,309
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	343,711	
Usage Tax		355,362	
Tangible Personal Property Tax		720,622	
Lien Fees		6,376	
Other-			
Marriage Licenses		2,176	
Affordable Housing Trust Fund		11,922	
VTR		1,568	
Deed Transfer Tax		21,382	
Delinquent Tax		72,849	1,535,968
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts		7,147	
Real Estate Mortgages		6,130	
Chattel Mortgages and Financing Statements		27,963	
Powers of Attorney		1,019	
Oil and Gas Lease		624	
All Other Recordings		19,638	
Charges for Other Services-			
Notary Fees		484	
Copywork/Postage		2,070	65,075
Other:			
NSF Collection Fee		205	
Miscellaneous		1,870	2,075
Interest Earned			432
Total Revenues			1,672,745

The accompanying notes are an integral part of this financial statement.

GREEN COUNTY  
 BILLY JOE LOWE, COUNTY CLERK  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	243,797	
Usage Tax		347,095	
Tangible Personal Property Tax		254,201	
Licenses, Taxes, and Fees-			
Affordable Housing Trust		11,922	
Delinquent Tax		10,037	
Legal Process Tax		10,482	\$ 877,534

Payments to Fiscal Court:

Tangible Personal Property Tax	65,164	
Delinquent Tax	6,073	
Deed Transfer Tax	20,312	91,549

Payments to Other Districts:

Tangible Personal Property Tax	372,567	
Delinquent Tax	37,128	409,695

Payments to Sheriff 6,372

Payments to County Attorney 6,743

Operating Expenditures and Capital Outlay:

Personnel Services-	
Deputies' Salaries	101,976
Employee Benefits-	
Employer's Share Social Security	13,474
Contracted Services-	
Payroll Preparation	2,525
Advertising/Cable/Website	5,625
Printing and Binding	250
Materials and Supplies-	
Office Supplies	4,490
Election Equipment	2,012

The accompanying notes are an integral part of this financial statement.

GREEN COUNTY  
 BILLY JOE LOWE, COUNTY CLERK  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay: (Continued)

Other Charges-			
Conventions and Travel	\$	5,347	
Dues		480	
Postage		2,911	
Tax Bill Preparation		2,130	
Telephone/Internet		3,289	
Refunds		1,864	
Miscellaneous		386	
Capital Outlay-			
Office Equipment		<u>32,689</u>	<u>\$ 179,448</u>
Total Expenditures			1,571,341
Less: Disallowed Expenditures			
Interest and Penalties			<u>(209)</u>
Total Allowable Expenditures			<u>\$ 1,571,132</u>
Net Revenues			101,613
Less: Statutory Maximum			<u>77,243</u>
Excess Fees			24,370
Less: Expense Allowance		3,600	
Training Incentive Benefit		<u>2,759</u>	<u>6,359</u>
Excess Fees Due County for 2011			18,011
Payments to Fiscal Court - March 3, 2011		4,282	
February 14, 2012		12,747	
September 20, 2012		<u>982</u>	<u>18,011</u>
Balance Due at Completion of Audit			<u><u>\$ 0</u></u>

The accompanying notes are an integral part of this financial statement.

GREEN COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2011

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2011 services
- Reimbursements for 2011 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2011

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

GREEN COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2011  
(Continued)

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.93 percent for the first six months and 18.96 percent for the last six months.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

CERS also provides post retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<b>Years of Service</b>	<b>% paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

GREEN COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2011  
(Continued)

Note 3. Deposits

The Green County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The Green County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2011, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Misty Edwards, Green County Judge/Executive  
The Honorable Billy Joe Lowe, Green County Clerk  
Members of the Green County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Green County Clerk for the year ended December 31, 2011, and have issued our report thereon dated October 11, 2012. The County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the Green County Clerk's office is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County Clerk's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying comments and recommendations, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying comments and recommendations as items 2011-01 and 2011-02 to be material weaknesses.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Green County Clerk's financial statement for the year ended December 31, 2011, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2011-03, 2011-04, 2011-05, and 2011-06.

The Green County Clerk's responses to the findings identified in our audit are included in the accompanying comments and recommendations. We did not audit the County Clerk's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Green County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adam H. Edelen', written in a cursive style.

Adam H. Edelen  
Auditor of Public Accounts

October 11, 2012

## COMMENTS AND RECOMMENDATIONS



GREEN COUNTY  
BILLY JOE LOWE, COUNTY CLERK  
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2011

INTERNAL CONTROL - MATERIAL WEAKNESSES:

2011-01 The County Clerk's Office Lacks Adequate Segregation Of Duties

During our review of internal controls, we noted the County Clerk's office has a lack of segregation of duties over receipts and disbursements. The County Clerk prints the Point of Sale (POS) daily checkout sheet, prepares the daily deposit, and posts to the receipts ledger. The County Clerk also prepares, signs, and posts all disbursements. Furthermore, the County Clerk prepares all monthly and quarterly reports and performs the bank reconciliations. As a result of the lack of segregation of duties the following occurred:

- Affordable Housing Trust Fund were overpaid to the State Treasurer (See Comment 2011-02)
- Deed Transfer Taxes were not properly remitted to Fiscal Court (See Comment 2011-04)
- Payroll withholdings were not properly remitted to the City
- Receipt and disbursement ledgers were not accurate and complete (See Comment 2011-03)
- 4<sup>th</sup> Quarterly Financial Report was not accurate (See Comment 2011-03)

Segregation of duties over receipts and disbursements or implementation of compensating controls, when needed because the number of staff is limited, is essential for providing protection to employees in the normal course of performing their duties and can also help prevent inaccurate financial reporting and/or misappropriation of assets.

Adequate segregation of duties would prevent the same person from having a significant role in the receiving and disbursing of funds and recording and reporting of those receipts and disbursements. Lack of segregation of duties increases the County Clerk's risk of misappropriation of assets, errors, and inaccurate financial reporting.

We recommend the County Clerk strengthen internal controls by segregating these duties. If segregation of duties is not possible, due to a limited number of staff, strong oversight should be implemented. However, compensating controls would not be effective over duties performed by the County Clerk. The County Clerk should delegate his duties to other employees and implement compensating controls. The employee providing this oversight should document his or her review by initialing source documents.

*County Clerk's Response: Duties are segregated as much as possible.*

2011-02 The County Clerk Should Reconcile The Daily Checkout Sheet To Supporting Documentation Daily

During our review of receipts and daily checkout sheets, we noted the County Clerk uses a point of sale system (POS) to issue receipts and compile the daily checkout sheet. The daily checkout sheet only reports a grand total for each receipt category. Support for each receipt category is maintained on a different computer system, which is used to compile monthly and quarterly reports. The County Clerk reconciles motor vehicle taxes to the state's AVIS system; however, there are no daily procedures to compare all recording and delinquent tax receipt categories with data input into the respective computer system. In addition, there is no backup maintained to support miscellaneous receipts and there was no way to determine what makes up this total.

GREEN COUNTY  
BILLY JOE LOWE, COUNTY CLERK  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2011  
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESSES: (Continued)

2011-02 The County Clerk Should Reconcile The Daily Checkout Sheet To Supporting Documentation Daily (Continued)

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Reconciling receipts to source documents can help prevent misclassifications and inaccurate reporting. As a result of the County Clerk not reconciling receipts to the supporting documentation, deed transfer taxes reported and paid to the Green County Fiscal Court do not agree to the receipts ledger. As of December 31, 2011, the County Clerk owed an additional \$7,780 to the Green County Fiscal Court (See comment 2011-04). In addition, the Affordable Housing Trust Fund (AHTF) fees reported and paid to the state did not agree to the receipts ledger. The total AHTF fees due the state for calendar year 2011 were \$11,922. The County Clerk remitted a total of \$12,972 to the state. On August 17, 2011, the County Clerk requested and received a refund from the state of \$1,152 which he posted to miscellaneous receipts. In September 2011 the County Clerk decided that he was not due a refund and paid the \$1,152 back to the state. As December 31, 2011, the County Clerk owed an additional \$102 to the state.

We recommend the County Clerk reconcile the receipts collected per the daily checkout sheet to supporting documentation for all recordings and delinquent taxes. We also recommend the County Clerk maintain supporting documentation for miscellaneous receipts. The County Clerk should also reconcile all monthly and quarterly reports to the receipts ledger to ensure accurate reporting.

*County Clerk's Response: Have made adjustments for this.*

STATE LAWS AND REGULATIONS:

2011-03 The County Clerk Should Maintain Accurate Ledgers And Documentation Reconciling The Receipt and Disbursement Ledgers To Quarterly Financial Reports

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During our comparison of financial reports and ledgers with the bank account, we noted the County Clerk did maintain separate receipts and disbursements ledgers; however, they were inaccurate and incomplete. Therefore, auditor's had to recap daily checkout sheets for the months of January, July through December 2011 and recap all cancelled checks. In October 2011, the County Clerk implemented a new accounting system for his receipt and disbursement ledgers. During the conversion process receipts and disbursements data was lost and not included in the new accounting system. We also noted the new accounting system did not include the majority of disbursements data for the last two weeks of December 2011. As a result, categories from the receipts and disbursements ledgers did not agree to the 4<sup>th</sup> Quarterly Financial Report for calendar year 2011. Furthermore, numerous adjustments/reclassifications had to be made to the receipts and disbursements to agree to outside reports, the bank, and any supporting documentation.

GREEN COUNTY  
BILLY JOE LOWE, COUNTY CLERK  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2011  
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2011-03 The County Clerk Should Maintain Accurate Ledgers And Documentation Reconciling The Receipt and Disbursement Ledgers To Quarterly Financial Reports

Per the Instructional Guide for County Budget Preparation and State Local Finance Officer Policy Manual, minimum requirements pursuant to KRS 68.210 require the County Clerk to maintain accurate books of original entry and submit an accurate quarterly financial report. We recommend the County Clerk maintain accurate receipts and disbursements ledgers and reconcile those ledgers to the monthly reports and bank accounts to ensure accurate ledger amounts are carried to the quarterly financial reports.

*County Clerk's Response: Have now begun to compare all monthly and quarterly reports to F.C.A.S.*

2011-04 The County Clerk Should Properly Prepare Deed Transfer Tax Reports

During our review of deed transfer taxes, we noted the County Clerk did not properly prepare deed transfer tax reports based upon the amount of receipts collected. KRS 142.050(4) requires the County Clerk to collect the tax and retain five percent (5%) as a fee for collection and remit the balance every three (3) months to the county treasurer. The total deed transfer tax due the fiscal court for calendar year 2011 was \$20,312. The County Clerk remitted a total of \$14,351 to the fiscal court. On July 22, 2011, the County Clerk requested a refund from the fiscal court of \$1,819 which would reduce the amount of payments to \$12,532. As of December 31, 2011, the County Clerk owes an additional \$7,780 in deed transfer tax to the fiscal court. Since the County Clerk overpaid excess fees for calendar year 2011, the \$7,780 due the fiscal court in deed transfer taxes has been netted with the excess fee payment made on March 3, 2011. In the future, we recommend the County Clerk properly prepare deed transfer tax reports and reconcile with his receipts ledger in order to submit the correct deed transfer tax payments to the fiscal court.

*County Clerk's Response: Deed tax report will be compared to F.C.A.S.*

2011-05 The County Clerk Should Improve The Payroll Process

During our testing of payroll, we noted the County Clerk pays his employees every two (2) weeks. We tested one pay period and noted the following:

- One (1) employee did not prepare a timesheet
- One (1) employee did not sign their timesheet
- Four (4) timesheets were not signed by the Clerk indicating approval

GREEN COUNTY  
BILLY JOE LOWE, COUNTY CLERK  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2011  
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2011-05 The County Clerk Should Improve The Payroll Process (Continued)

KRS 337.320(1)(a)(b)(c) requires that “every employer shall keep a record of: (a) The amount paid each pay period of each employee; (b) the hours worked each day and each week by each employee; and (c) such other information as the executive director requires.” Timesheets should be kept for payroll verification and as a record of leave time used and to document employees are working at least the minimum number of hours to be eligible for full-time benefits such as retirement and health insurance. The employee and the County Clerk should sign all timesheets.

We recommend all employees prepare and sign their timesheets indicating they agree to the report. We also recommend the County Clerk review and approve timesheets documented by his signature.

*County Clerk's Response: This process has been taken care of.*

2011-06 The County Clerk Should Properly Pay Employees For Overtime

During our testing of payroll, we noted the Clerk is not paying his employees for overtime worked over forty (40) hours a week. According to KRS 337.285, an employee shall receive at least one and one half times the hourly wage rate for hours worked in a week in excess of forty (40) hours. Based upon timesheets, we noted three (3) deputies worked over forty (40) hours in a week and were paid the regular hourly wage. We recommend the County Clerk calculate overtime accurately and pay his employees in accordance with KRS 337.285.

*County Clerk's Response: When employees work overtime in a day they will be given that much time off in a week.*

*Auditor Reply: This should be reflected on timesheets.*



